

# Green Space and Local Economies

## How Conserving North Carolina's Sandhills Can Benefit Local Economies

*The Longleaf pine ecosystem, found in the North Carolina Sandhills, is among the most endangered ecosystems on earth<sup>1</sup>. A U.S. Fish and Wildlife Service (USFWS) proposal to establish a National Wildlife Refuge (NWR) through land acquisitions in portions of Cumberland, Harnett, Hoke, Moore, Richmond, and Scotland counties of North Carolina would protect, restore and manage this valuable habitat. Justly, local communities are concerned about the economic effects of land acquisition for public land conservation purposes. Conventional thought has often maintained that this type of acquisition results in negative impacts on local economies through a reduction in the value of the local tax base, thereby limiting economic development. The purpose of this paper is to discuss evidence that public open space conservation is not necessarily an expense, but an investment that can produce important economic benefits<sup>2</sup>.*

### INTRODUCTION

The majority of the proposed NWR would occur in Hoke, Harnett, Moore and Cumberland counties of North Carolina. Both Hoke and Moore counties are considered rural, with strong community values for conservation<sup>3</sup>. Moore and Cumberland counties have recently been faced with rapid growth and urban concerns that are evident throughout other counties in the region. While the economy of Cumberland county is largely based on businesses supporting Ft. Bragg and other urban-related industries, the overall economies of Hoke, Harnett and Moore counties are largely based on forest products (pinestraw and timber), an emerging horse economy, golf, or tourism. The establishment of the refuge would allow limited agricultural and timber production, and other local economic activities within these counties to be retained wherever compatible with NWR objectives. Pinestraw harvest, however, may be restricted on the refuge land. Yet, even without federal land acquisitions for conservation purposes, development pressures would likely cause a reduction of income and employment in most of these local industries. Conservation of green space, rather than increased residential and commercial development, would certainly seem to better coincide with

community values and preserve local businesses. Still, to further understand how conservation of this land would affect local communities, the fiscal impact of the NWR must be considered.

### ECONOMIC IMPACTS OF DEVELOPMENT vs. CONSERVATION

Economic development is important to every community, as it is seen as a means to enlarge the tax base to provide more tax revenues to local governments. Such revenues can benefit residents through better services or decreased taxes, and can be a source of jobs and income for improved quality of life<sup>4</sup>. In an effort to bring about such economic development, municipalities will often undergo rapid, residential and commercial development, or sprawl. Protected green space, or undeveloped land, is often viewed as the removal of land from economic growth potential. However, increasing evidence demonstrates how sprawl can have negative economic impacts, by increasing property tax rates, while open space can positively impact local economies through a reduction in community property taxes and increased individual property values.

**Sprawl increases property tax rates, while public land conservation can decrease taxes.** In a study of seven Massachusetts towns in 1996, the towns with the most permanently protected conservation land did not have the higher tax rates, as might be expected. In fact, these towns had the lowest tax rates, on average, suggesting a correlation between land conservation and property tax rates<sup>5</sup>. Increasing property tax rates are being imposed around the country to pay for the rising costs of providing expanded public services. For example, in the ten fastest growing towns in southern Maine, property taxes increased by 43% between 1990-1995. During the same period, the 10 slowest growing towns only increased by 27%<sup>6</sup>. Likewise, a 1992 study of Vermont showed that property taxes were highest in towns with the most commercial and industrial development<sup>7</sup>.

It is the combination of new residents and commercial development creating a demand for nearby residential development that drives the tax bills up, requiring municipal governments to provide more services, such as sidewalks, police, schools, sewers, water, traffic control, and road maintenance. Such development can often cost in services more than it generates in revenues<sup>7</sup>.

**Open space can result in increased property values.** A 1995 study of the effects of development and land conservation on property taxes in Connecticut towns concluded that conservation of key parcels may direct development, making it more efficient and cheaper to provide services and making other properties more valuable, resulting in increased tax revenues<sup>8</sup>. Historically, property value increases can be related to proximity to open space. This trend can be explained by the fact that land values are affected by people's preference for proximity to open space. A 1971 study of federal land acquisitions in Pennsylvania indicated that between one and five years after the acquisition, the increase in the value of land remaining on the tax rolls more than offset the loss of taxable land caused by the acquisition<sup>4</sup>.

In federal land acquisitions, payments are often made to local governments in lieu of real estate taxes, like those proposed for the establishment of the NWR. These payments can also effectively compensate for lost tax revenues. For example, in Dare county, North Carolina, the total assessed land value within the county more than doubled soon after the Cape Hatteras National Seashore Area was opened. At the same time, tax rates were reduced from \$1.00 to 80 cents per \$100<sup>4</sup>.

#### **A SUMMARY OF THE ECONOMIC BENEFITS OF OPEN SPACE ON TAX & PROPERTY VALUES.**

Communities are concerned with economic development and the economic effects of land use. Too often, the inevitable and cumulative negative impacts of sprawl are overlooked, and concern is focused on the possible negative economic effects of open space conservation. In the short term, it is possible that the removal of taxable land for permanent protection may result in a

reduction of tax base and a tax increase. In the long term though, green space helps control property taxes by limiting increased demand for municipal services. Evidence shows that such land protection generates economic gains that can benefit communities and individual landowners, alike. From local community taxpayers' perspectives, conservation of a key property may be less expensive than allowing it to be developed in a way that would not provide enough in taxes to cover related service costs<sup>5</sup>. From individual property owners' perspectives, conservation of adjacent open space can increase individual property values and further generate beneficial opportunities.

#### **REFUGE ECOTOURISM GENERATES FURTHER ECONOMIC BENEFITS.**

**Ectourism is another way to derive economic benefits from the conservation of open space<sup>8</sup>.** Communities can benefit from tourism and recreation on nearby federal lands. Many towns that traditionally depended on logging, mining, and other extractive industries are now working to boost local economies by attracting tourists. Several surveys, including a 1987 poll ordered by the President's Commission on American Outdoors, found proximity to open space with natural beauty to be the most important motivation for people in selecting tourism activities<sup>9</sup>. Economic benefits of tourism on local communities include the creation of jobs and income for local residents, through avenues like hotels, restaurants and attractions for nonresident tourists<sup>10</sup>. According to the USFWS, there were 27.7 million recreational visits to national wildlife refuges in 1995. From these visits, 401 million dollars in economic activity were generated for local businesses<sup>11</sup>. In 1992, the USFWS estimated regional recreation expenditures per person, per day for each Region in the National Wildlife Refuge System. In the Southeast Region (4), which includes North Carolina, non-residents spent 206.76 dollars per day on non-consumptive, hunting, and fresh-water fishing activities combined. Southeast Region residents also enjoyed the benefits of local green space, contributing 54.49 dollars per day to their local economies for natural outdoor experiences<sup>11</sup>.

Endless recreational opportunities are available on federal conservation lands, which make these lands particularly attractive to both tourists and residents. In particular, several recreational opportunities would be available on the NWR. National wildlife refuges offer numerous recreational activities, including hunting, fishing, hiking, wildlife viewing, nature photography, and environmental education, wherever these activities are compatible with individual refuge objectives<sup>11</sup>. The presence of such opportunities in close proximity to existing tourism attractions could certainly generate economic benefits from ecotourism.

### **ADDITIONAL BENEFITS OF LAND CONSERVATION**

The value of open space within communities is almost certainly underestimated by tax base and property value analysis, as well as estimates of economic activity generated by ecotourism. Further economic benefits can be derived from the protection of natural landscape elements, like trees and water, which control erosion, improve water quality, shelter and cool homes, and reduce needs for expensive storm-water retention facilities<sup>2</sup>.

Benefits of land conservation extend far beyond estimations of monetary value. Local communities and regions receive improvements in quality of life issues, such as increased recreational opportunities and aesthetic pleasure. Specifically, local communities in the North Carolina Sandhills place high value in the aesthetic benefits of the surrounding land. In Hoke and Moore counties, for example, residents reflect a keen interest in conservation, land protection, and outdoor recreation opportunities<sup>3</sup>.

### **CONCLUSIONS**

With the proposed federal land acquisitions, the establishment of the National Wildlife Refuge in the North Carolina Sandhills would conserve endangered species and other natural biota of the longleaf pine ecosystem. Though these benefits are clear, the economic impact of the refuge on local communities also needs to be addressed. Various studies, of both developed and conservation lands, dispute typical beliefs that such an establishment will cause negative impacts to local economies. Rather, these studies conclude that in

attempt to increase economic growth of the region, the resulting urban sprawl actually increases property tax rates and diminishes the quality of life for residents. However, the establishment of the NWR would reduce urban sprawl, threats to existing public land from future development, and encroachment. The NWR could also generate economic benefits, thereby reducing local property tax rates, increasing individual property values, and generating economic activity through ecotourism.

### **REFERENCES**

1. U.S. Department of the Interior, National Biological Survey. [n.d.]. NPFlora [Data base]. Davis, CA: U.S. Department of the Interior, National Biological Survey. [23119]
2. Rogers, Will. 1996. "The Economic Benefits of Parks and Open Space: How Land Conservation Helps Communities Grow Smart and Protect the Bottom Line." The Trust for Public Land.
3. James Kent Associates. December, 2000. "The Red-cockaded Woodpecker as an Asset: Creating Community Benefits from Habitat Restoration."
4. Crompton, John. L. 2000. "The Impact of Parks and Open Space on Property Values and the Property Tax Base." National Recreation and Park Association.
5. Ad Hoc Associates. 1999. "Community Choices: Thinking Through Land Conservation, Development, and Property Taxes in Massachusetts." The Trust for Public Land.
6. Benfield, F. Kaid, Matthew D. Raimi, Donald D. T. Chen. "Once There Were Greenfields: How Urban Sprawl is Undermining America's Environment, Economy and Social Fabric." Natural Resources Defense Council.
7. Freegood, Julia. 1992. "Does Farmland Protection Pay?: Cost of Community Services in 3 Massachusetts Towns." American Farmland Trust.
8. Ad Hoc Associates. 1995. "The Effects of Development and Land Conservation on Property Taxes in Connecticut Towns."
9. Brabec, Elizabeth. 1992. "The Value of Nature and Scenery." Scenic America: Technical Information Series v. 1 (3).
10. Sweeney, Liz. June 19, 1995. "Tourism Gains Favor as a Development Strategy." Standard and Poor's Creditweek Municipal, pp. 97-101.

11. U.S. Fish and Wildlife Service. “Banking on Nature: The Economic Benefits to Local Communities of National Wildlife Refuge Visitation.” (Division of Economics: U.S. Fish and Wildlife Service, July 1997).

---